

# Mexican Strategic Landscape

Monthly Report - May 2023

THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH



# What is The Mexican Strategic Landscape Report?

A monthly publication by the *Institute for Strategy and Development Research (ISDR)*, a think tank dedicated to the analysis and the dissemination of information in key topics which address Mexico's problems and structural challenges. This document provides insights from the six different regions that make up the country.

## Regions of Mexico



# Trends to watch in Mexico

## 01 / The fentanyl crisis and the race for global hegemony.

The fight against fentanyl has become one of the main priorities of the United States Government due to the increase in overdose deaths and the power that Mexican criminal organizations have acquired. Given this context, Mexico faces an adverse scenario due to the lack of interest of the Chinese government in stopping the shipment of chemical precursors to Mexico, and the lack of incentives from them to cooperate in the fight against drugs led by the U.S given the rivalry that both countries maintain for global hegemony. Simultaneously, Mexico is facing increasing pressure from US agencies to become more involved in the fight, which has strained the relationship between the two countries. As long as there is no joint strategy and willingness to cooperate between the 3 countries, the fentanyl crisis will continue to worsen in North America.

## 02 / Fast track approval of reforms weakens democracy in Mexico.

Without an adequate analysis and presence of opposition members in the Senate, legislators from MORENA (the ruling party) approved a dozen reforms. Among them were the disappearance of INSABI (public health services provider), the approval of a new airline administered by the Army and the replacement of the National Council of Science and Technology (CONACYT). Despite the implications that some reforms would have in education, foreign investment and attributions to the Armed Forces, there was no public discussion between the different political forces nor dialogues with representatives of society or business chambers, which diminishes their legitimacy and weakens democracy in Mexico.

## 03 / Government agencies targeted by cyberattacks.

In recent years, cyberattacks in Mexico have been on the rise. Government agencies are particularly vulnerable because they have long underestimated this threat and there is no interest in allocating budget to defend technological infrastructure. to the understate of the threat and austerity policies implemented. During the last month, 2 cases of cyber-attacks were made public, one against the National Water Commission (CONAGUA) that infected the workers' computers and another attempt to hack the page of Morelia municipality, had already suffered a hack in 2022. Despite the economic losses and the security risk that these attacks imply, investments in cybersecurity remain low.

## Mexico and the Global Stage

### Chinese espionage intensifies in North America

In recent months, some Chinese espionage activities have been detected in the region. In New York, the FBI arrested 2 agents that operated a secret police station that harassed Chinese dissidents. According to the organization Safeguard Defenders, there are other stations in Toronto, Canada, and in several Latin American countries. In Mexico it was recently revealed that a Chinese spy balloon believed to be used for signals intelligence flew across the territory without being shot down or made public its activity.

# Northwestern

## Regional Overview

### 01 ——— Transition to electric vehicles accelerates on the west coast.

California recently passed a law to mitigate greenhouse gas emissions and accelerated the transition to electric vehicles. The state requires manufacturers to produce zero-emission trucks starting in 2024 and that half of all heavy -duty trucks sold in the state be fully electric by 2035. The approval of this new law will impact Mexico's logistics sector because they will have to renew its fleet of trucks in a short period of time, which implies a large economic investment. Additionally, the production of electric trucks is currently insufficient to meet the demand and the electronic transition is not within the priorities of the Mexican federal government.

### 02 ——— Integration of the Sonora-Arizona microregion.

The governor of Sonora made a working tour in Arizona, where he met with Governor Katie Hobbs to address economic projects and promote both states' integration of the region. Among the topics they addressed, were the renewal of the Arizona-Sonora commission, the strengthening of the semiconductor industry and the generation of clean energy. Despite the nationalist rhetoric that prevails at the federal level, Sonora has been able to identify these new economic trends and take advantage of them, which has positioned the state as one of the most attractive for foreign investment.

## Key Actors

### Arizona-Mexico Commission (AMC).

Founded in 1959, the Arizona-Mexico Commission (AMC) is a cross-border, nonprofit organization that works with policy-makers on both sides of the border to supports trade, tourism, and special projects.

# Northeastern

## Regional Overview

### 01 ——— Insecurity grows in rural municipalities of Nuevo Leon.

Organized crime groups have gained power in the rural municipalities of Nuevo Leon. In recent months, clashes between criminals and state police have increased as well as complaints about the presence of armed people on federal highways. The wave of violence that Nuevo Leon is experiencing could be related to the criminal landscape evolution that Tamaulipas is going through. It will be important for the local government and the Federation to work jointly to improve the security of the rural area and recover governance, particularly in the northern municipalities where the Colombia's customs office is located and considered a strategic point for many economic projects.

### 02 ——— Headquarters of the National Customs Agency will be in Tamaulipas.

President Lopez Obrador announced that the headquarters of the national customs agency will be inaugurated in September 2024 in Nuevo Laredo, Tamaulipas. The construction of the agency will be overseen by the army, which will also be responsible for the administration of land customs, while the navy will manage maritime customs. This is part of the decentralization process of government secretariats promoted by the president and the growing participation of the armed forces in civilian tasks. In the case of the Armed Forces, their participation in customs was with the intention of fighting corruption; however, there are no mechanisms that ensure adequate accountability or transparency of this new role.

## Key Actors

### National Customs Agency.

In July 2021, the decree creating the National Customs Agency was published. It is an independent agency from the Ministry of Finance and Public Credit (SHCP) and the Tax Administration Service (SAT). Among the functions that the agency has are the collection of foreign trade contributions, the administration of the registers of importers and exporters and the inspection of merchandise.

# Western-Bajío

## Regional Overview

### 01 ——— Aggressions against environmental activists grow in Mexico.

Information stated by the Mexican Center for Environmental Law (Cemda) revealed that 2022 was the most violent year for environmental defenders, with 197 registered attacks, 82% more than the figure registered in 2021. Indigenous people and members of civil society organizations are the most vulnerable and affected. Aggressions in Mexico have grown due to the level of impunity that exists in most cases and the collusion of state actors with members of organized crime. In recent years, the participation of criminal organizations in illegal timber and wildlife trade, which leaves millions in profits, has been documented, however there are no adequate strategies to stop these crimes that put the environment and their defenders at risk.

### 02 ——— Navy seizes drugs in Michoacan and Colima.

On the coast of Michoacan within the exclusive economic zone, the navy seized 2 tons of cocaine in a small boat with 6 crew members. Days later it was announced that a container with fentanyl from Qingdao, China was seized in the port of Lazaro Cardenas. In Colima, in the port of Manzanillo, the navy seized 8,600 kilos (aprox 19,000 lbs) of methamphetamine hidden in tequila bottles. The seizures occur in a context of great pressure from the US on Mexico to become more involved in the fight against drugs.

## Key Actors

### Mexican Center for Environmental Law (CEMDA)

it is a non-governmental organization founded in 1993 by a group of lawyers with the intention to protect de environment and their natural resources. In recent years they have participated in campaigns to defend the ecosystem affected by the Mayan Train in the Peninsula region and have opposed to the expansion project of the Port of Veracruz.

# Central

## Regional Overview

### 01 ——— Fuel theft in Puebla and Hidalgo appears unstoppable.

Fuel theft continues rising in the central states of the country. In 2022, clandestine fuel and LP gas taps located in Puebla increased by 571%, Tepeaca and San Martin Texmelucan were identified as the municipalities with the most clandestine taps. In Hidalgo, authorities seized 200,000 liters of stolen fuel in the city of Pachuca. Despite the efforts that the Federal Government has made to contain this crime, it has been unable to generate economic alternatives to promote the development of many communities in this region.

### 02 ——— Chinese companies hoard farmland in Puebla.

The director of Rural Development of Tehuacan, Armando Bravo Gines, revealed that Chinese producers paid rents for 50 years to landowners in Tehuacan, Tepanco de Lopez and Tlacotepec de Benito Juarez in Puebla to grow agricultural products. The cultivation land would cover approximately 600 hectares where they produce carrots, tomatoes, broccoli, and cabbage that are later exported. Although the arrival of Chinese producers in the area is not new, the crisis suffered in the agriculture sector has led Mexican producers to prefer to rent their land instead of cultivating it. However, some problems have already been presented, such as complaints of overexploitation of water and labor abuses against Mexican farm laborers, for which it will be important for the authorities to carry out verifications to detect irregularities in its operation.

## Key Actors

### Demonstration of agricultural workers against Chinese companies in Puebla.

In August 2022, inhabitants of Tlacotepec Benito Juarez and Tepanco de Lopez demonstrated peacefully in front of the Tehuacan municipal palace against Chinese businessmen for irregular exploitation of water wells and labor abuses against more than 500 farm workers.

# Southern

## Regional Overview

### 01 ——— Violence worsens in Chiapas.

The struggle between some criminal groups in Chiapas has caused an increase in violence in recent years. During the last month, the criminal group known as "los motonetos" assassinated the leader of artisans from Santo Domingo in the municipality of San Cristobal de las Casas, provoking fear among the population. Due to this, the US Embassy issued an alert for its citizens to exercise extreme caution when visiting. In recent years, the armed groups that dispute territory in Chiapas have grown along with the areas with high levels of ungovernability, such as the Lacandon jungle where criminal groups take advantage of the little presence of the state to make this area their base of operation for the commission of illegal activities.

### 02 ——— Local governments overwhelmed by waves of migrants.

Waves of migrants continue to arrive in the southern region of Mexico, which has caused concern among local authorities as they lack the infrastructure and financial resources to serve them. In Oaxaca, authorities revealed that every month they receive 15,000 migrants, however, they do not have enough police officers to provide them with security. In Chiapas, around 100 migrants rioted in a migration station in Tuxtla Gutierrez and managed to escape. Both incidents reveal the failure of the Mexican immigration policy and the great limitations faced by local governments to address the humanitarian crisis on the southern border.

## Key Actors

### The “Motonetos” Group.

The “Motonetos” is a criminal group made up of indigenous people that operates in the municipality of San Cristobal de las Casas. They use violence to pressure authorities and generate fear among the population. They have also been linked to drug sales and homicides.



# Yucatan Peninsula

## Regional Overview

### 01 ——— Migration fom India to Yucatan grows.

In recent months, Yucatan authorities have detected an increase in migrants from India, which reveals an evolution in transnational criminal networks. It has been identified that traffickers use hotels on the outskirts of the municipality of Uman in Yucatan to house migrants and then transfer them to Cancun, Quintana Roo. This new pattern is confirmed by the U.S Customs and Border Protection, which revealed that in 2022, more than 16,000 Indian citizens were detained at the border with Mexico, which marks a record in the last 8 years.

### 02 ——— Construction of Sisal Paradise in Yucatan closed.

The real estate development “Sisal Paradise” located in the municipality of Hunucma in Yucatan, was temporarily closed by the Federal Attorney for Environmental Protection (Profepa) because it detected the installation of geotextile tubes without having construction permits. In recent months, the construction has faced some accusations from the inhabitants of Sisal and Hunucma, who claim that the real estate development has damaged mangroves in the “El Palmar Ecological Reserve” and would put the biodiversity of the area at risk.

## Key Actors

### The “El Palmar” Ecological Reserve.

The “El Palmar” ecological reserve is located within the municipalities of Hunucma and Celestun in Yucatan. Since 1990, is considered a protected natural area. In 2003 it was declared a RAMSAR Wetland due to its ecological importance internationally.

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